



Continued Investment Builds Growth

Strategy Update - May 2023

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ASX: SKS



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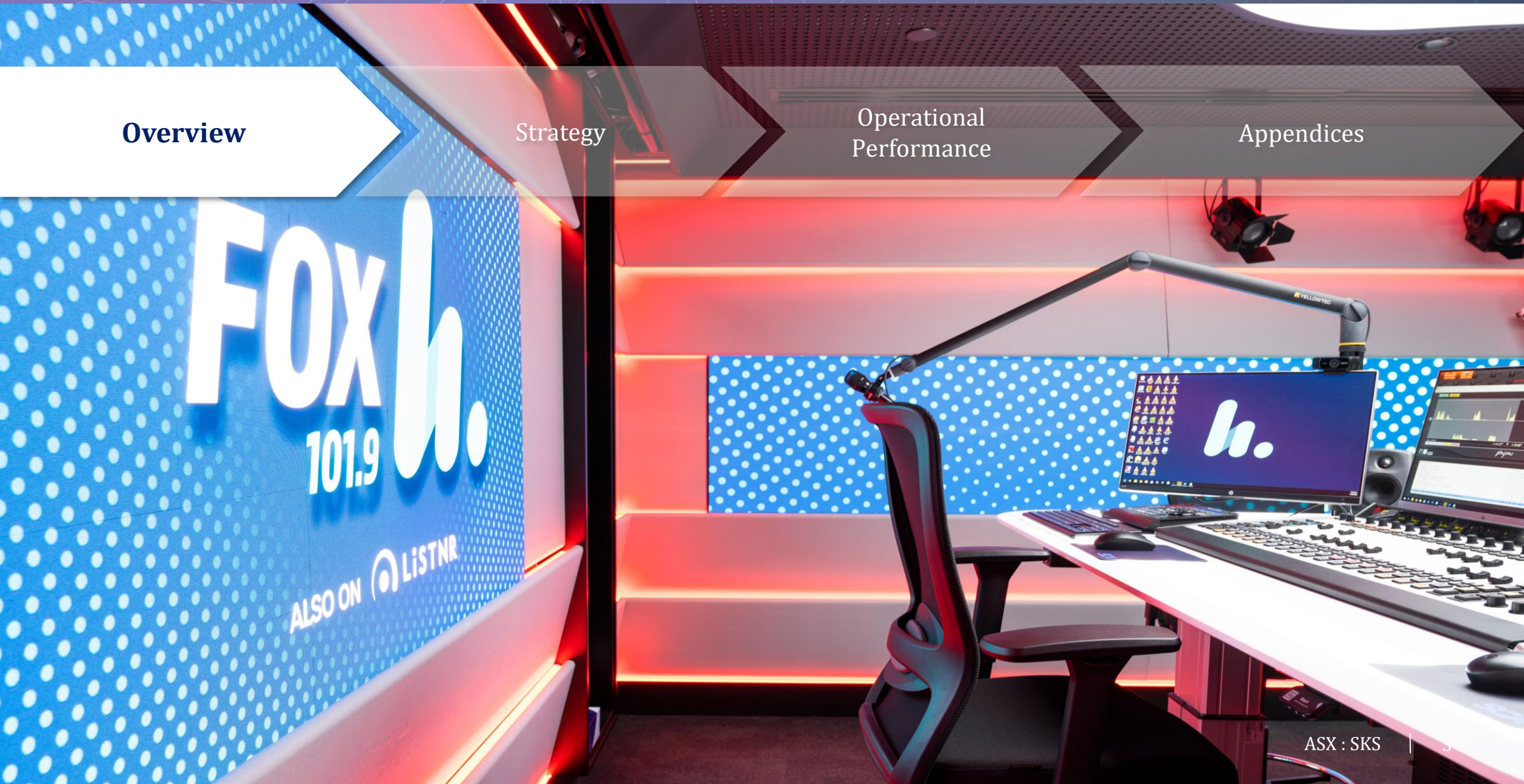


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- **Re-investment of ~\$3 million to strengthen the business over the last 18 months**
- **Rigorous management of cash resources to fund rapid growth**
- **Geographical expansion will deliver scale benefits**

1.

Enhanced business foundations

- Experienced hiring of industry specialists to drive growth into the new market sectors
- Blue chip client base with 96% repeat business
- New CBA debt facilities
- Experienced and capable management/senior leadership
- Expanded geographical footprint
- Employer of choice
- Supply nation certification for SKS Indigenous Technologies

2.

A highly desirable suite of integrated, advanced technologies

- Core expertise in:
 - audiovisual systems
 - communications networks
 - electrical infrastructure
- Growth areas will be in integrated systems in the rapidly developing area of data warehousing and defence
- Maturing of national offices

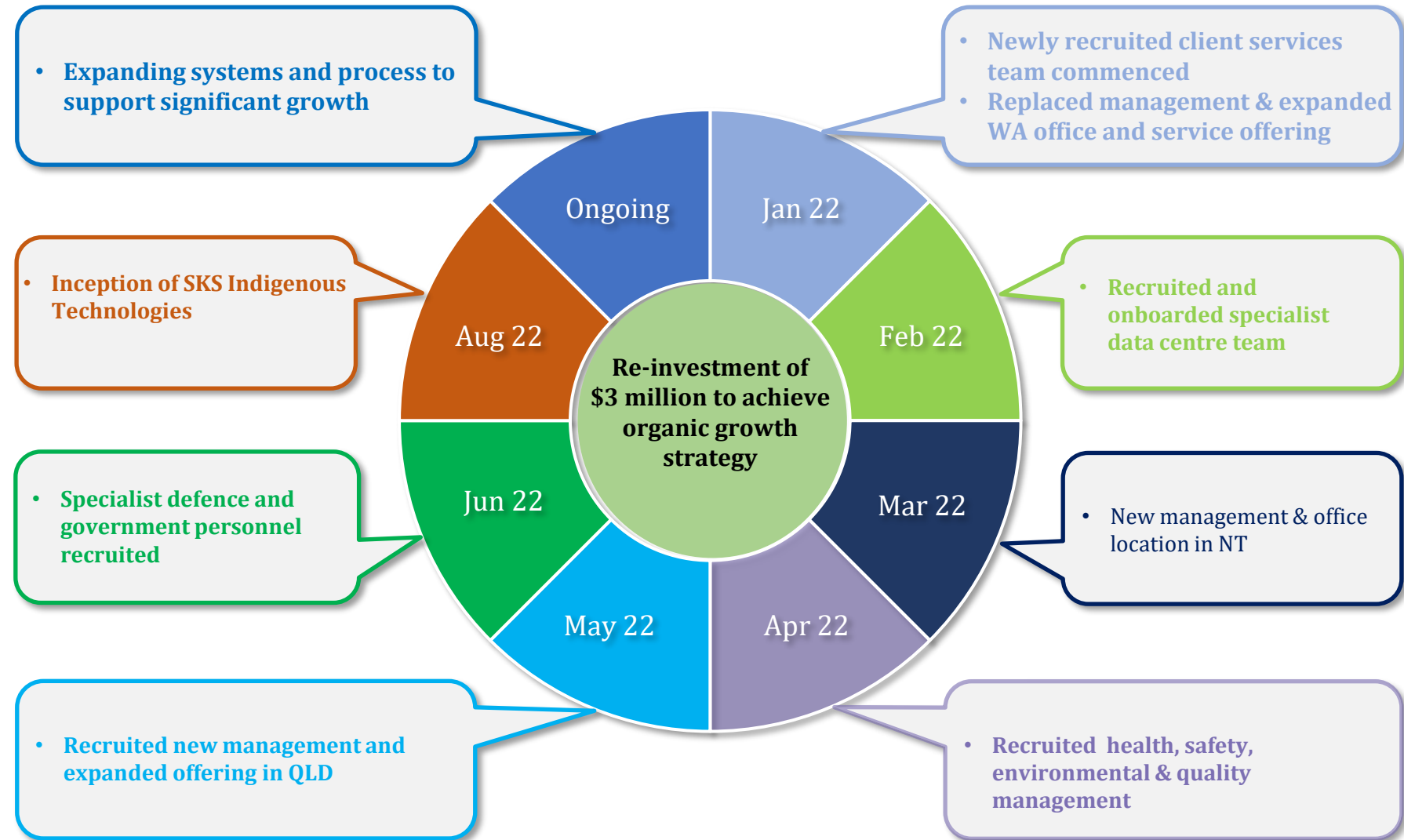
3.

Healthy demand across all market sectors

- Work on hand has grown sevenfold from record levels of \$7million at June 20 to \$47 million currently
- May 22 work on hand compared with May 23 shows an increase of approximately 20%
- Tender pipeline currently in excess of \$200 million
- SKS Technologies' systems and services are in demand across all business sectors

Investment initiatives:

- Hired industry specialists to drive growth into the new market sectors
- Opened facilities in new states and territories to complete the national operations footprint
- Strengthened processes and systems such as an enhanced tendering system, as well as security clearances, accreditations and certifications to perform work in new markets.

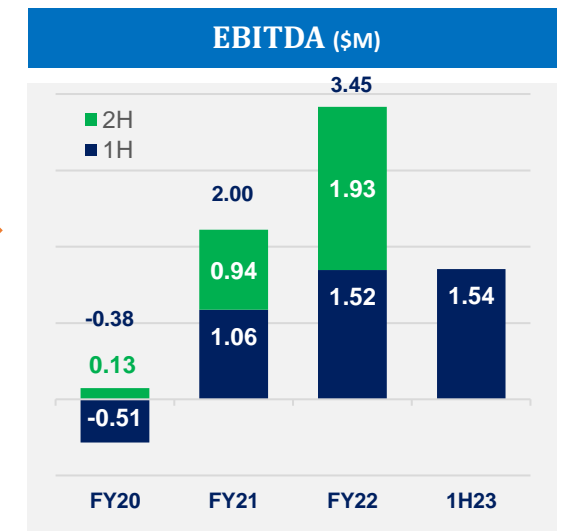
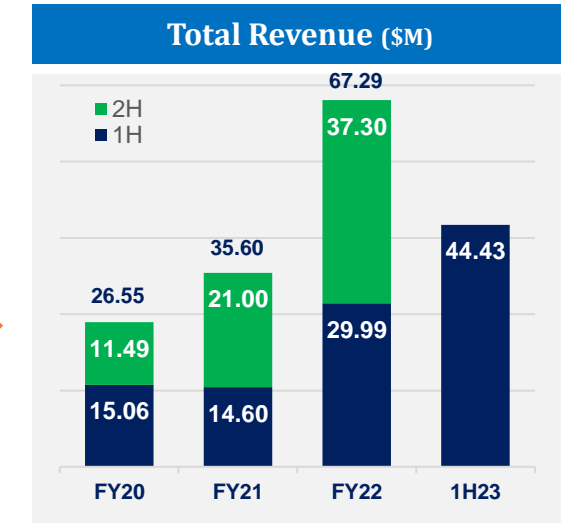
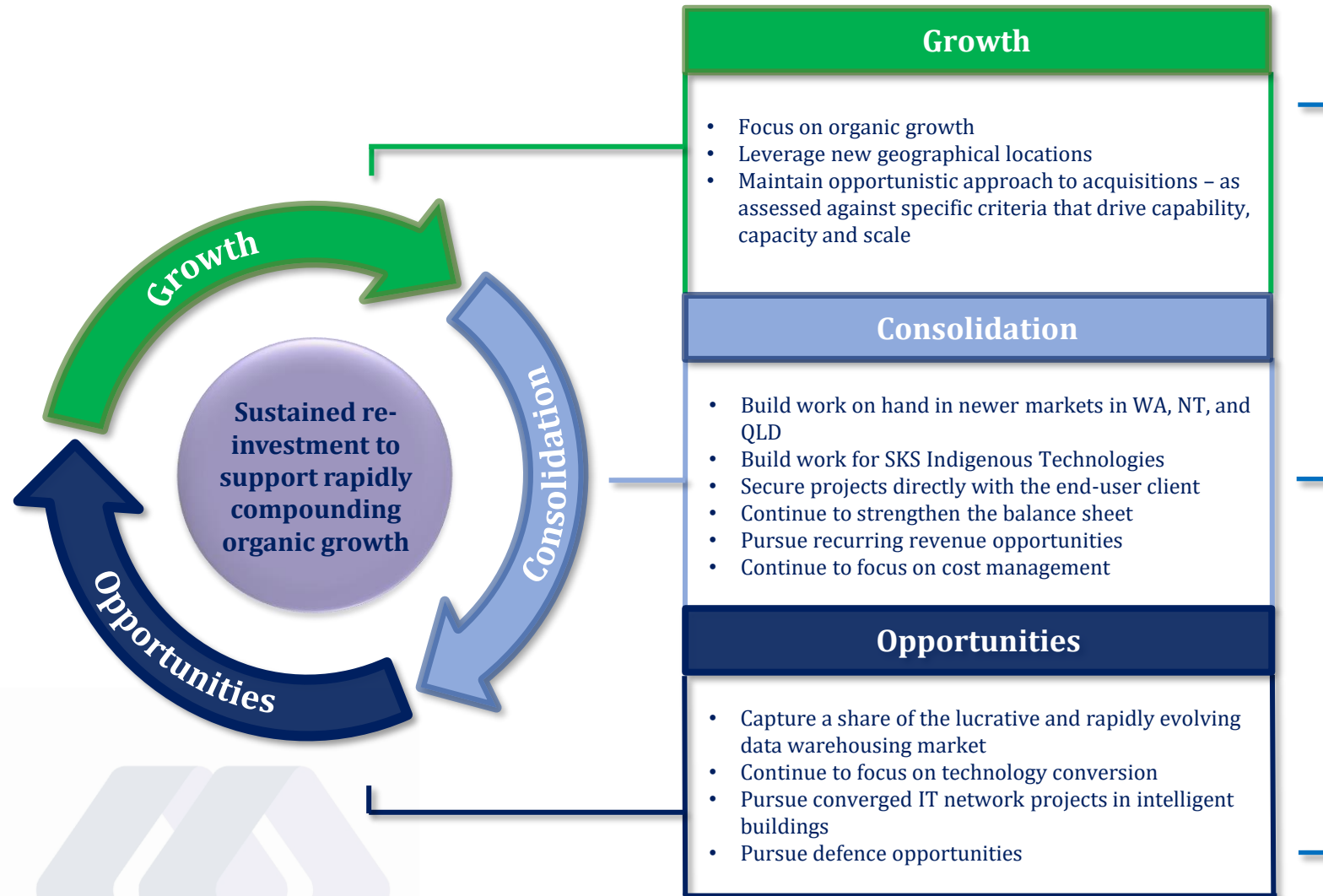


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Customer Hub
Ringwood

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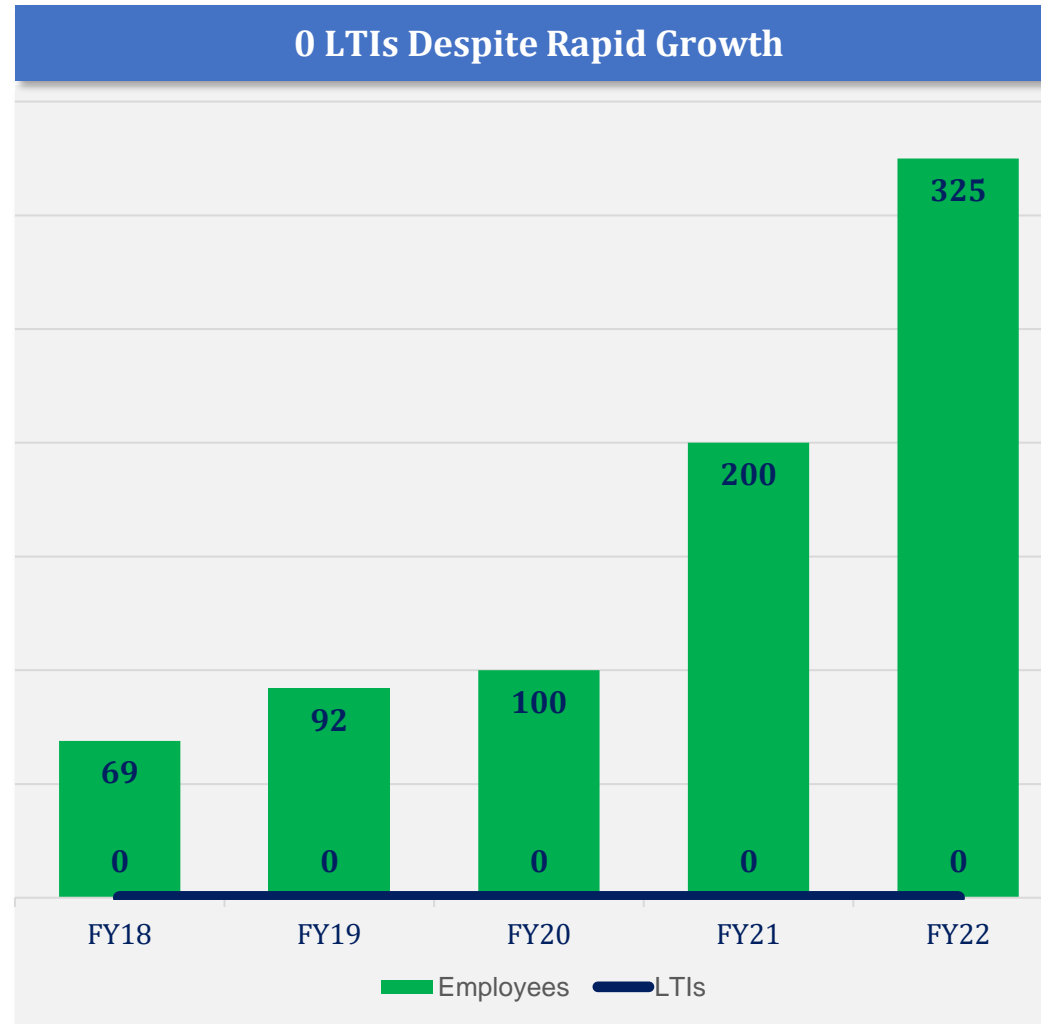
**Operational
Performance**

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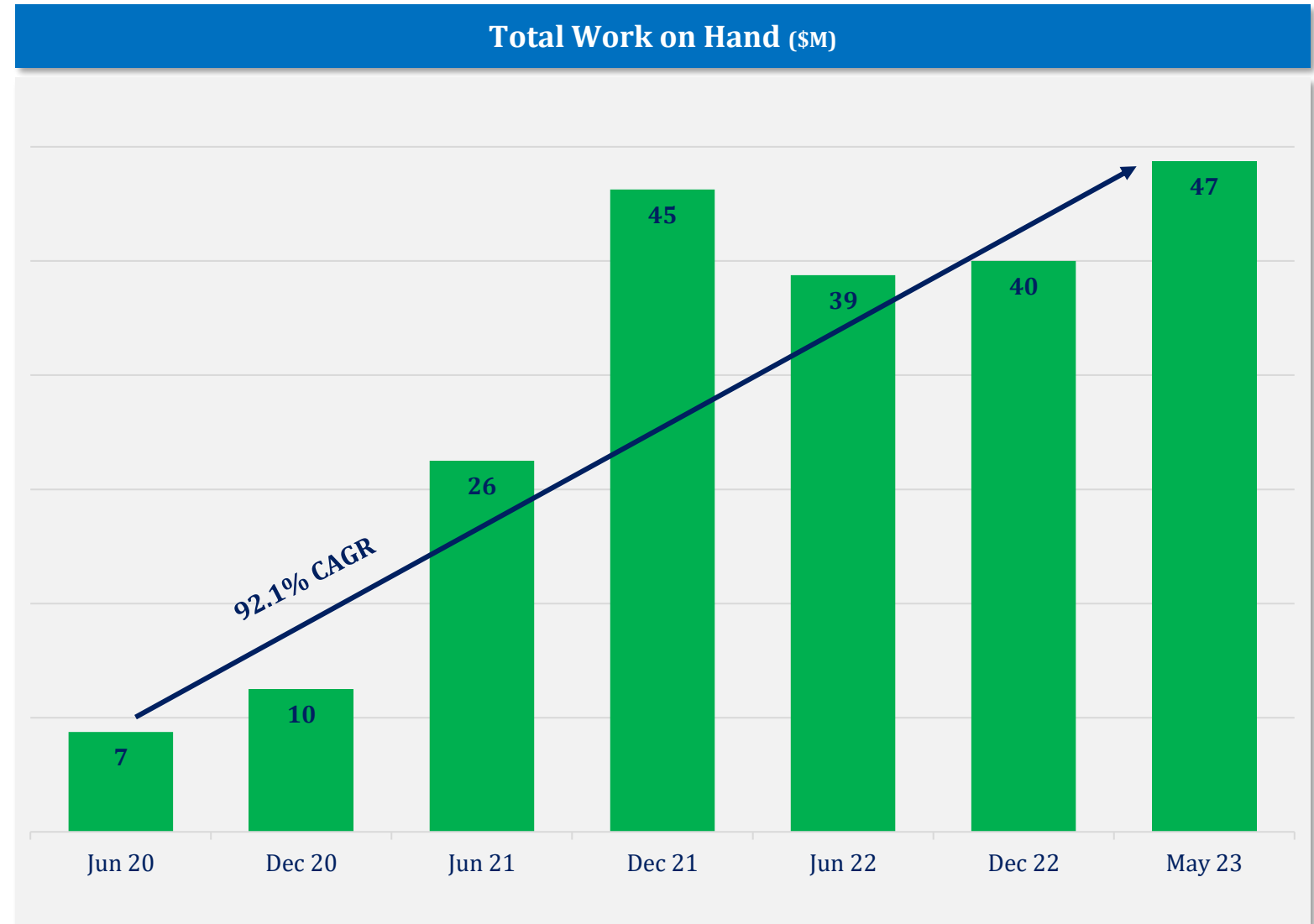
Safety culture delivers flawless performance

- Zero LTIs in five years despite significant growth in workforce and hours worked.
- Strong safety culture developed and promoted throughout the organisation over many years.
- LTIs were 0 in 510,000 hours worked in CY22.
- A new FT National HSEQ Manager was employed to enhance safety process and policy

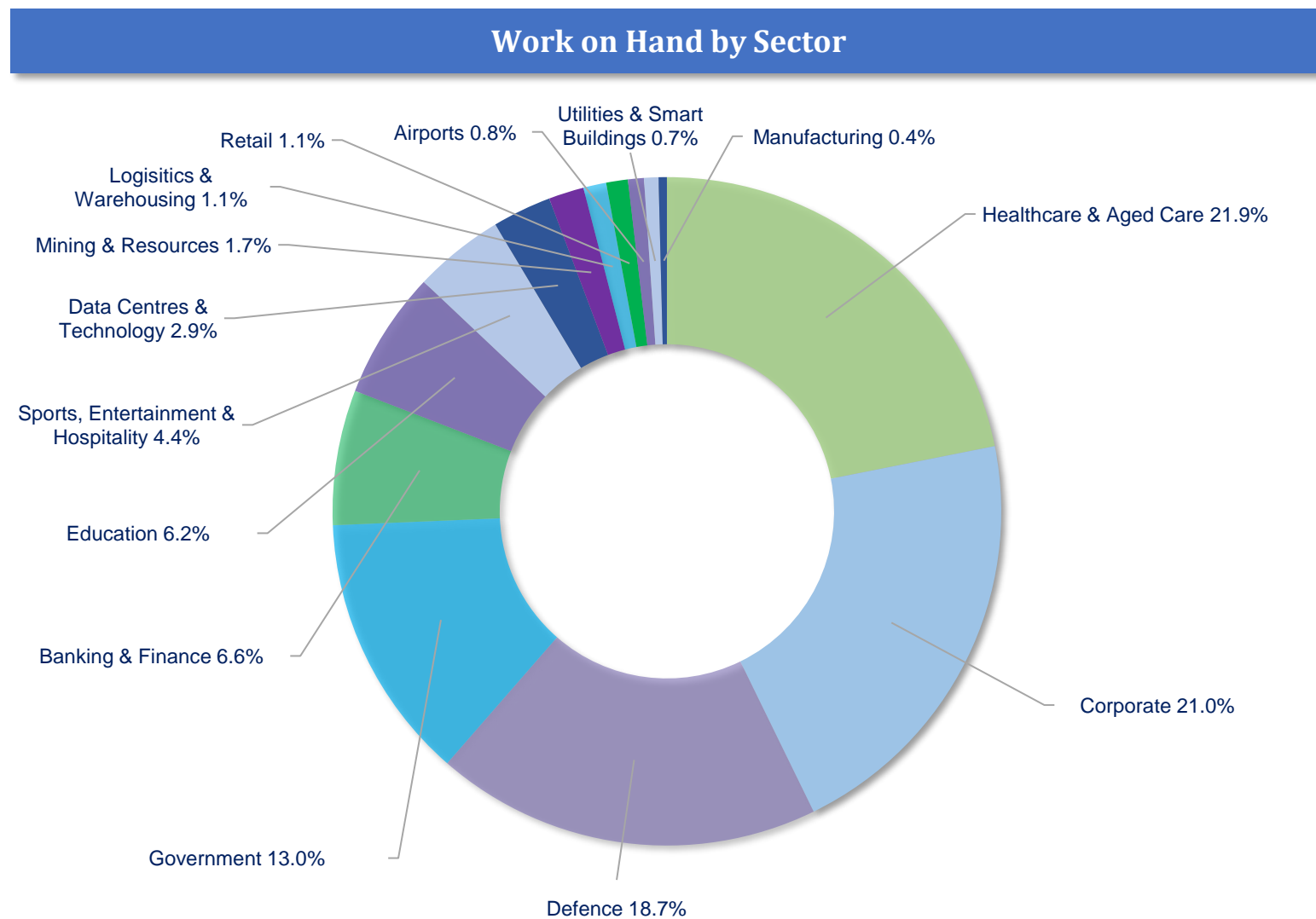


Work on hand growth sustained off an increasing base

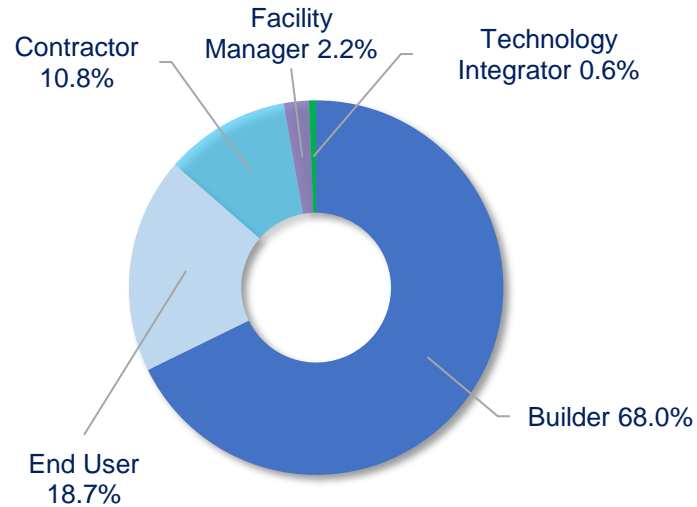
- Work on hand has grown sevenfold from record levels of \$7million at June 20 to \$47 million currently
- May 22 work on hand compared with May 23 shows an increase of approximately 20%
- Investment in resources to grow the business has supported the rapidly expanding order book
- Pipeline remains strong and growing



- A concerted drive to win projects in the defence sector is now delivering increased work.
- Specialist data centre team now winning projects.
- New sectors of defence, data centres & technology, and mining representing ~25% of overall work in hand
- The healthcare and aged care sector largely reflects the new Footscray Hospital project.
- Broad stable of Federal and state government customers continues to provide a solid base of projects.
- Newly established SKS Indigenous Technologies winning work.

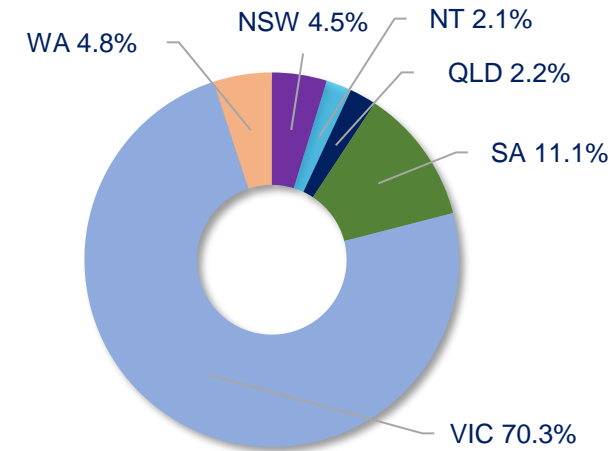


Work on Hand by Customer Type



- › Part of the SKS Technologies Group strategy is to capture higher margins by securing projects directly with end-user clients.
- › End user clients now representing 18.7% of total work in hand, up from approximately 1% 12 months ago

Work on Hand by Location



- › Northern Territory is making good progress on opening up new business with government clients, particularly in the defence sector.
- › Significant opportunity to grow the business and attract new business across new state locations

Valuable and growing pipeline of opportunities

TOTAL OPEN TENDERS

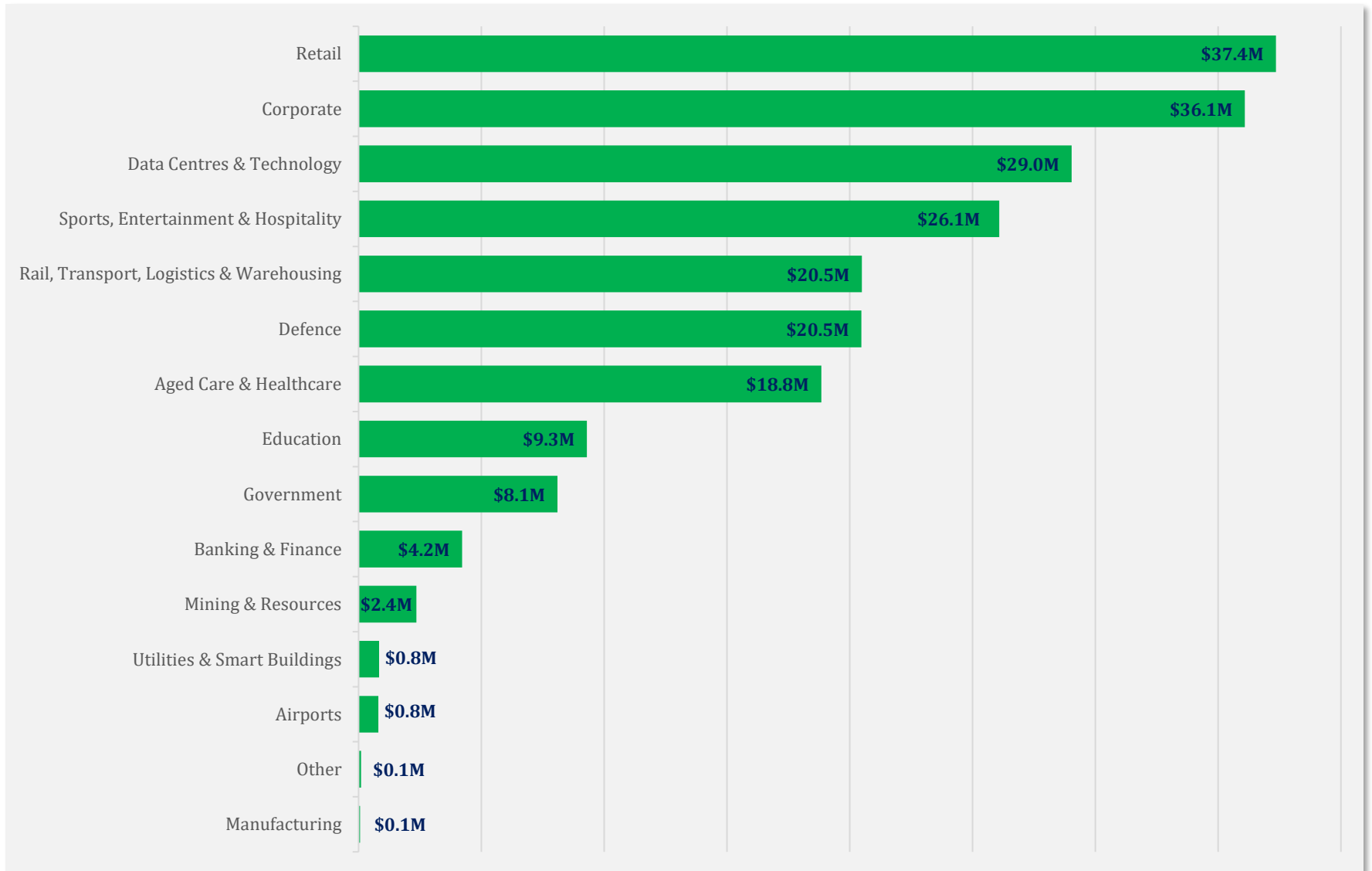
Qty: 955
Value: \$214 Million

➤ Pipeline continues to grow, showing no sign of abatement.

➤ Significant amount of work under tender in targeted sectors of defence and data centres.

➤ Newly enhanced tendering database will enable greater transparency and analysis of pipeline in future years.

➤ Conversion rate expected to be >25% based on historical data



Information current as at close of business on 16/05/23

51% owned by
Indigenous identity,
Chris Johnson



49% owned by SKS
Technologies Group



Achieved the initial target of **3% Indigenous employment** in the business, to match the national target. The new target is 4% - 5%, depending on the future rate of growth.



Achieved order intake of **>\$5 million**, all of which will be delivered in FY24. Work won is for Government, defence and corporates.



Increasing pipeline of **opportunities** across all market sectors.











Onboarded with many **government panels as approved service providers** – approximately 10 government and corporate panels around Australia.



Achieved **Supply Nation certification**, which enables inclusion in the indigenous Business Direct database and confirms that a business is Indigenous owned and audited annually.



End Client	Project Description	Project Completion
	<p>The AFP audio visual system provides sophisticated, state-of-the-art audio and video capabilities across two major incident rooms, eight operations rooms, eight training spaces, and 20 meeting rooms. Major incident/operations rooms provide real-time monitoring and response capabilities for critical incidents. Operations rooms focus on operational activities, while training spaces are equipped with large videowall displays and high-quality audio systems to facilitate effective communication and learning. Meeting rooms are used for a variety of purposes, including conferences, presentations, and collaborative work sessions.</p>	2H23
 <p>Australian Government Department of Home Affairs</p>	<p>Full end to end Electrical technology solution for a 10 floor office fit out. Including more than 8,000 communication outlets, fibre optic connectivity, 45 new switchboards. Complete Audio visual technology solution including 60 meeting rooms, combinable event space, high end secure interview rooms and a site wide digital signage solution.</p>	2H23
	<p>Australian unity is a 15-story refurbishment of an Aged care facility in Melbourne. SKS Technologies supplied and installed a New Main switchboard, a full end-to-end fibre and copper communication network solution, Nurse Call systems as well as general Light and Power.</p>	2H23
 <p>Australian Government Department of Agriculture, Fisheries and Forestry</p>	<p>A 3 floor office refurbishment including an end to end electrical infrastructure upgrade consisting of modifications to the main switchboard, new distribution boards and general light and power. A secured copper and fibre Communications network solution was also supplied and installed which the state of art Audio visual solution resides on, comprising of high-end meeting and collaboration spaces for video conferencing.</p>	1H23

End Client	Project Description	Project Completion
 Western Health	<p>North Footscray Hospital, Victoria's largest health project ever, has SKS Technologies providing a complete technology solution for the facility, which consists of 75 meeting and collaboration spaces, lecture halls, virtual reality rooms, surgical simulation laboratories, and training spaces. The package includes room booking systems as well as a complete digital signage solution incorporating journey boards.</p>	1H25
	<p>The Marvel Stadium development will provide multiple restaurants, bars, and food outlets. SKS Technologies has partnered with Honeywell to deliver Access Control and CCTV services throughout the stadiums' player facilities, City Edge, and Town Square areas.</p>	1H24
 BENDIGO KANGAN INSTITUTE	<p>Bendigo Kangan Institute's Broadmeadows campus is intended to become the TAFE's flagship location with a technology transformation that will deliver modern, digitally focussed teaching and training. Technology deployments include simulation labs with interactive lesson streaming/recording, multi-purpose immersive simulation/virtual reality gallery, integrated staff common and student hubs, campus digital signage and wayfinding, and meeting and collaboration spaces with video conferencing capability.</p>	2H24
 Australian Government Defence	<p>SKS Technologies provided a main switchboard upgrade, standby generator installation, replacement of all rising mains, public distribution boards as well as all tenancy distribution boards for the new 11-story refurbishment of the Melbourne CBD defence base. The project included supply and installation of:</p> <ul style="list-style-type: none"> • a new uninterrupted power supply system to back up all communications rooms • a site wide DALI lighting system • new communications rooms and systems for DSN/DPN networks (fibre and copper). 	1H24

Upscaling Projects & Initiatives

- Changing mix of business and customer base to achieve higher margin revenue – direct to end user, service/maintenance work, data centres, smart buildings and defence
- Establishing of specialist sector teams – eg data centres and smart buildings
 - Managing cash resources rigorously to fund rapid growth
- Establishing of SKS Indigenous Technologies
- Opening new offices in new locations and strengthening management in other locations
- Obtaining bank debt to streamline working capital
- Upgrading systems, processes, accreditations and certifications to pursue work in new sectors and support overall growth

Benefits of Upscaling Program

- Substantial growth in work on hand and quantum revenue increases year on year
- Successful expansion of service offering into new geographic markets and sectors
- Earnings increases despite ongoing supply chain and labour constraints
- Continued improvement in working capital, augmented new CBA debt facilities
- Commensurate growth in pipeline with \$214 million currently out for tender
- Changed mix of business and customer base with increased, higher margin end user, data centre, defence and smart buildings work
- Achieved government/corporate accreditations to take advantage of targeted, niche targeted markets
- Generated new business via SKS Indigenous Technologies

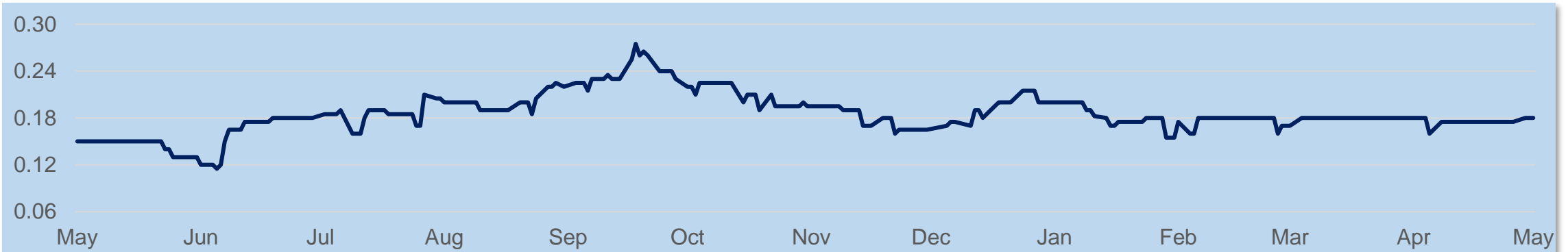
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SKS SHARE PRICE (year ending 24/05/23)



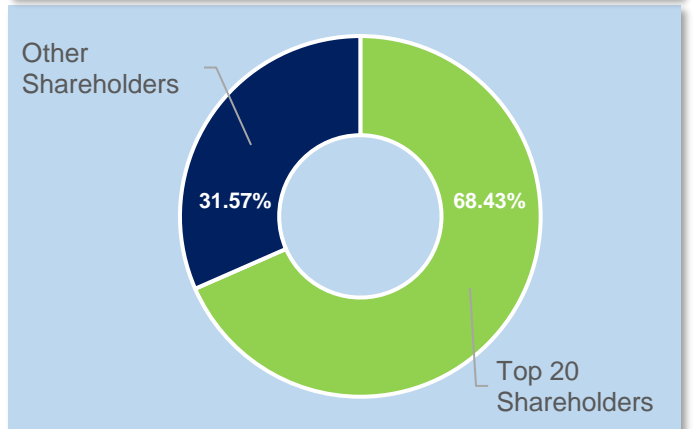
DIRECTORS AND EXECUTIVES

Peter Jinks	Executive Chairman
Greg Jinks	Executive Director
Terrence Grigg	Non Executive Director
Matthew Jinks	Chief Executive Officer
Gary Beaton	Chief Financial Officer

MARKET INFORMATION *

Shares on Issue (24/05/23)	109,382,153
Options on Issue	1,500,000
Market Cap	\$19.68M
52-Wk Range	\$0.115 - \$0.275
AV Volume/Day	5,000

SHARE REGISTER COMPOSITION (30/6/22)



* Information current as at close of business on 24/05/23

Four year historical profit and loss (continuing ops)

A\$000s		2022	2021	2020*	2019
Revenue & other income	Sales	67,288.4	35,599.2	26,551.1	25,173.5
	Other income	1,838.0	1,469.3	838.7	185.9
	Total Revenue & other income	69,126.4	37,068.5	27,389.9	25,359.4
Expenses	Raw materials, consumables & logistics	(38,174.0)	(22,245.1)	(16,770.6)	(14,589.3)
	Employee benefits	(25,669.6)	(11,355.2)	(9,830.8)	(8,616.3)
	Occupancy	(185.5)	(122.5)	(45.5)	(270.7)
	Administration	(1,645.4)	(1,350.7)	(1,126.7)	(743.9)
	Depreciation & amortisation	(917.6)	(549.2)	(483.7)	(100.7)
	Finance charges	(530.8)	(242.7)	(347.1)	(420.2)
	Total expenses	(67,122.9)	(35,865.4)	(28,604.5)	(24,741.1)
Profit/(loss) before tax		2,003.5	1,203.2	(1,214.6)	618.3
	(Tax)/tax benefit	1,020.0	540.0	-	-
Profit/(loss) after tax		3,023.5	1,743.2	(1,214.6)	618.3
	Profit/(loss) from discontinued operations	(0.9)	423.3	(3,774.7)	(599.1)
Profit/(loss) for year		3,022.6	2,166.5	(4,989.3)	19.2

* Wholesale company restructure completed

Four year historical balance sheet (continuing ops)

A\$000s		2022	2021	2020*	2019
Current assets					
	Cash & equivalents	39.5	109.2	229.0	679.9
	Trade & other receivables	20,173.1	11,477.1	6,235.2	9,292.8
	Inventories	102.9	46.5	170.5	5,336.7
	Assets held for sale	-	-	990.7	-
	Other current assets	287.7	123.7	115.1	230.4
	Total current assets	20,603.3	11,756.4	7,740.5	15,539.8
Non-current assets					
	Trade and other receivables	414.9	-	-	-
	Plant & equipment	1,746.7	1,381.4	649.8	522.4
	Right of use assets	4,216.3	928.6	433.7	-
	Intangible assets	1,919.4	1,898.1	33.4	1,267.2
	Other non-current assets	115.7	140.0	131.7	160.0
	Deferred tax asset	1,560.0	540.0	-	-
	Total non-current assets	9,972.9	4,888.2	1,248.5	1,949.6
Total assets		30,576.2	16,644.6	8,988.9	17,489.4

A\$000s		2022	2021	2020*	2019
Current liabilities					
	Trade & other payables	15,720.7	11,230.9	5,890.9	8,219.6
	Borrowings	2,664.0	-	1,401.6	3,361.6
	R&D liability payable	500.8	500.8	860.5	-
	Provisions	1,350.0	859.0	588.3	721.8
	Lease liabilities	816.5	448.5	438.8	-
	Liabilities held for sale	-	-	51.4	-
	Total current liabilities	21,051.9	13,039.3	9,231.4	12,303.0
Non-current liabilities					
	R&D liability payable	229.0	821.5	1,001.6	2,112.6
	Borrowings	-	-	-	1,200.0
	Provisions	40.2	24.7	47.7	118.3
	Lease Liabilities	4,185.3	939.6	482.5	-
	Total non-current liabilities	4,454.5	1,785.8	1,531.8	3,430.9
Total liabilities		25,506.4	14,825.1	10,763.3	15,733.8
Net assets / (deficiency)		5,069.8	1,819.5	(1,774.3)	1,755.6
Equity					
	Contributed equity	22,072.8	22,085.7	20,658.3	19,198.9
	Share option reserve	230.9	-	-	-
	Accumulated losses	(17,233.9)	(20,266.2)	(22,432.6)	(17,443.4)
	Total equity	5,069.8	1,819.5	(1,774.3)	1,755.6

* Wholesale company restructure completed

Four year historical cash flows (continuing ops)

A\$000s		2022	2021	2020*	2019
Cash flows from operations	Receipts from customers	64,903.1	34,694.9	44,338.8	41,464.3
	Receipts from government incentives	1,717.9	1,528.4	697.6	-
	Payments to suppliers & employees	(66,989.7)	(34,540.4)	(44,686.4)	(43,733.1)
	Interest received	0.4	0.7	4.5	4.1
	Interest paid	(527.4)	(253.5)	(477.5)	(507.3)
	Net cash from (used in) operations	(895.6)	1,430.0	(123.0)	(2,772.0)
Cash flows from investing	Payment for plant & equipment	(766.9)	(314.6)	(14.9)	(196.8)
	Proceeds from disposal of plant & equipment	2.0	24.5	19.7	16.6
	Payment for intangibles	(47.4)	(24.8)	-	(387.7)
	(Payments to) / Proceeds from bank guarantees	(114.6)	(46.9)	28.3	-
	Payment for acquiring business – APEC	-	(66.3)	-	-
	Proceeds from sale of discontinued operations	142.0	1,187.6	2,090.9	-
	Net cash from investing activities	(784.9)	759.6	2,124.1	(567.9)

A\$000s		2022	2021	2020*	2019
Cash flows from financing	(Payments to) / Proceeds from issue of options/shares	(12.9)	(8.9)	500.3	3,062.3
	Payment to buy back shares	-	(13.1)	-	-
	Payment of lease liabilities	(552.1)	(425.6)	(500.9)	-
	Proceeds from borrowings	66,114.6	31,856.8	40,984.6	1,650.4
	Repayments of borrowings	(63,450.6)	(33,258.4)	(43,185.4)	(695.8)
	Repayment of R&D liability	(488.2)	(460.4)	(250.5)	-
	Net cash used in financing activities	1,610.8	(2,309.5)	(2,452.0)	4,016.9
Net increase / (decrease) in cash		(69.7)	(119.8)	(450.9)	677.0
	Cash & equivalents at start of year	109.2	229.0	679.9	2.9
Cash & equivalents at end of year		39.5	109.2	229.0	679.9

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